

# PROGRAM BILL # 11R

## GOVERNOR'S PROGRAM BILL 2011

### MEMORANDUM

AN ACT to amend the education law, the state finance law and the New York state urban development corporation act, in relation to establishing components of the NY-SUNY 2020 Challenge Grant Program; and providing for the repeal of such provisions upon expiration thereof

### PURPOSE:

This bill would implement components of the NY-SUNY 2020 Challenge Grant Program Act.

### SUMMARY OF PROVISIONS:

Section 1 is the short title, "NY-SUNY 2020 Challenge Grant Program Act."

Section 2 of the bill would add definitions to Education Law § 350.

Section 3 of the bill would amend Education Law § 355(2)(h)(4) to:

- Provide authorization for a rational tuition plan for all State University of New York ("SUNY") campuses of up to three hundred dollars annually for five years.
- Authorize the University Centers (i.e., Albany, Binghamton, Buffalo and Stony Brook) to implement a non-resident undergraduate tuition increase of up to 10 percent annually for five years. The implementation of any non-resident undergraduate tuition increase pursuant to this provision would be subject to Gubernatorial and SUNY Chancellor approval of their applications under the NY-SUNY 2020 Challenge Grant Program.
- The SUNY Board of Trustees would be required to approve and submit a master tuition plan setting forth the proposed tuition rates for resident undergraduate students for the five year period beginning in the 2011-12 academic year and ending in the 2015-16 academic year.
- The State would be required to appropriate and make available General Fund operating support in an amount no less than provided in the prior State

Fiscal Year, except that if the Governor declares a fiscal emergency, and communicates such emergency to the temporary president of the Senate and the speaker of the Assembly, State support for operating expenses at SUNY may be reduced in a manner proportionate to CUNY.

- The University Centers would be authorized to offer additional financial assistance to students whose net taxable income is more than \$80,000, subject to Gubernatorial and SUNY Chancellor approval of their applications under the NY-SUNY 2020 Challenge Grant Program.

Section 4 would amend Education Law §6206(7)(a) to:

- Allow the City University of New York ("CUNY") to implement a rational tuition plan of up to three hundred dollars annually for five years.
- The CUNY Board of Trustees would be required to approve and submit a master tuition plan setting forth the proposed tuition rates for resident undergraduate students for the five year period beginning in the 2011-12 academic year and ending in the 2015-16 academic year.
- The State would be required to appropriate and make available State support for operating expenses in an amount no less than provided in the prior State Fiscal Year, except that if the Governor declares a fiscal emergency, and communicates such emergency to the temporary president of the Senate and the speaker of the Assembly, State support for operating expenses at CUNY may be reduced in a manner proportionate to SUNY.

Section 5 of the bill would add a new §689-a to the Education Law to establish tuition credits, which would require SUNY and CUNY to apply a credit against the tuition charged to a student. The amount of the applicable tuition credit would be based on the level of a student's tuition assistance program ("TAP") award, and would be calculated by the Higher Education Services Corporation ("HESC").

Section 6 of the bill would add a new subdivision 6-a to Education Law §355 to require conflict of interest policies when submitting plans under the NY-SUNY 2020 Challenge Grant Program.

Section 7 of the bill would add a new section 1 to chapter 174 of the laws of 1968 to the Urban Development Corporation (i.e., the Empire State Development Corporation) of the State of New York to authorize the issuance of \$80 million in bonds or notes for the purpose of implementing the capital program under the NY-SUNY 2020 Challenge Grant Program.

Section 8 of the bill would amend Chapter 54 of the laws of 2011 to allow the four SUNY University Centers to utilize up to \$60 million in existing university wide

appropriation authority for projects approved through the NY-SUNY 2020 Challenge Grant Program, subject to a plan approved by the Governor and Chancellor. The sum would be equally distributed to each SUNY University Center.

Section 9 of the bill allows for the University Centers to utilize existing appropriations and reappropriations to progress capital projects in relation to the NY-SUNY 2020 Challenge Grant Program, subject to a plan approved by the Governor and Chancellor.

Section 10 would make available an appropriation for SUNY to access tuition revenues generated through its authorized tuition plan.

Section 11 would make available an appropriation for CUNY to access tuition revenues generated through its authorized tuition plan.

Sections 12 and 13 of the bill provide authorization for the utilization of project labor agreements for capital construction projects associated with the NY-SUNY 2020 Challenge Grant Program Act.

Section 14 amends §359 of the Education Law requiring the SUNY Board of Trustees to conduct a study and report on the effectiveness of the TAP program, which shall include factors such as, overall cost of undergraduate study, eligibility criteria, and award threshold levels. In addition, annual reports would be created detailing such things as full time faculty growth and program availability. The study would also include recommendations to improve the TAP program to maintain and enhance student affordability and access.

Section 15 amends §6206 of the Education Law by adding a new subdivision 17, which requires the CUNY Board of Trustees to conduct a study and report on the effectiveness of the TAP program, which shall include factors such as, overall cost of undergraduate study, eligibility criteria, and award threshold levels. The study shall also include recommendations to improve the TAP program to maintain and enhance student affordability and access.

Section 16 is the effective date, July 1, 2011 which will sunset in five years.

**JUSTIFICATION:**

The State University of New York ("SUNY") is among the largest public higher education systems in the country, educating more than 468,000 students in more than 7,500 certificate and degree programs on 64 campuses across the state. Every SUNY campus has the potential to create unprecedented opportunities not just for college students and their families, but for faculty and staff, business and industry, and the entire state workforce.

SUNY's four University Centers—Albany, Binghamton, Buffalo & Stony Brook—educate 86,000 undergraduate, graduate and graduate professional students in a vast array of disciplines covering the arts, humanities, social sciences, engineering and health professions. In the past three years, the SUNY University Centers have generated more than \$600 million in research activity annually and produced research by world-renowned faculty.

The SUNY system has the potential to be a leading catalyst for economic revitalization in New York State, while improving the academic quality for students. That is why the Governor recently announced the NY-SUNY 2020 Challenge Grant Program.

The NY-SUNY 2020 Challenge Grant Program—a joint program between the Governor and SUNY—will incentivize bottom-up, individualized long-term economic development implementation plans on campuses and the surrounding communities. The NY-SUNY 2020 Challenge Grant Program's mission is to enhance the *academic mission* of the campuses, benefit all students and make these campuses regional *economic development* generators.

Under NY-SUNY 2020 there will be \$140 million in total capital funding. The Governor will commit \$20 million for each qualifying campus, while SUNY will set aside an additional \$15 million for each qualifying campus. This bill authorizes the \$140 million commitment by the Governor and SUNY.

Eligibility for phase one of the NY-SUNY 2020 program includes the four University Centers. Under the NY-SUNY 2020 Challenge Grant Program, the University Centers' plans must include the following elements in order to be eligible for the capital award:

- Details of the new or expanded academic mission, such as healthcare, clean energy or technology that will be central to the plan.
- Ways the plan will bring the local community and stakeholders together through the Regional Councils to spur job creation and local economic development opportunities that will result in regional economic revitalization.
- Strategic partnerships, such as public/private partnerships, to increase academic and economic benefits.
- Endorsements from surrounding local governments and community members in support of the plan.
- Funding mechanisms such as capital financing, tuition increases and private sector financing to fund the plan.

- Details for expansion, including faculty to be hired and any property to be purchased and for what purpose.

The program is currently underway and the University Centers have begun the application process. However, in order to implement the NY-SUNY 2020 Challenge Grant Program this legislation is needed.

In order to implement the NY-SUNY 2020 Challenge Grant Program, the universities must have adequate operational resources to hire the faculty and other support staff. This plan will result in more faculty, the education of additional students, increased class offerings and improved graduation rates. This bill includes a rational tuition program to ensure the University Centers under the NY-SUNY 2020 Challenge Grant program, as well as all SUNY schools in the system, are successful. First, all schools in the SUNY system will be authorized to implement a rational tuition program of up to \$300 annually for five years. Second, the legislation includes authorization for the University Centers to increase tuition for non-resident undergraduate students by up to 10 percent annually for five years upon approval of their NY-SUNY 2020 Challenge Grant application/plan by the Governor and SUNY Chancellor.

The current tuition system has made SUNY a national outlier. This legislation maintains affordability in that the up to \$300 annual increase is well-below the 20 year average annualized SUNY tuition increase of 6.7 percent. Moreover, it remedies the current irrationality of the system. The current system is one where there are periods without tuition increases followed by sudden and dramatic spikes in tuition of upwards of 40 percent. Such spikes and uncertainty in tuition is detrimental to students, families and the university system.

The Governor recognizes that maintaining affordability is a key concern and therefore this legislation would help students and families with the costs. Students who are eligible for a TAP award will receive a tuition credit. In addition, upon the approval of their NY-SUNY 2020 Challenge Grant application/plan, the University Centers would be authorized to set aside a portion of their tuition revenues to provide increased financial aid for students whose net taxable income is more than \$80,000.

New Yorkers deserve a quality State University System that is both accessible and affordable but also one that is second to none in academics and research. The NY-SUNY 2020 Challenge Grant Program will make sure SUNY modernizes and thrives. This legislation is an important component of that program and makes a commitment to SUNY so it can grow to compete with other university systems and help drive economic development and academic achievement for decades to come.

#### **LEGISLATIVE HISTORY:**

This is a new bill.

**BUDGET IMPLICATIONS:**

A total of \$140 million in capital.

**EFFECTIVE DATE:**

This bill would take effect on July 1, 2011 and expire in five years.